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E.O. 12958: DECL: 25X1-HUMAN
TAGS: [AV](#) [BB](#) [CY](#) [ETTC](#) [KOMC](#) [UK](#)
SUBJECT: (U) BLUE LANTERN CHECK VERIFYING BONA FIDES OF
REGISTERED BROKER GHASSAN SAMI NACHAWI - CASE NO. K-1416
AND CHARLES M. WELCH - CASE NO. K-1417

REF: A. 01 STATE 38242 02 MAR 2001
[1](#)B. TD-314/14804-01 30 APR 2001
[1](#)C. 03 STATE 35692 07 FEB 2003
[1](#)D. 03 NICOSIA 316 19 FEB 2003
[1](#)E. 03 STATE 61650 09 MAR 2003
[1](#)F. CIR 316/16068-05 24 OCT 2005

Classified By: MULTIPLE SOURCES

- [1](#)1. (U) This is an action message. See paragraphs 3-4.
- [1](#)2. (U) U.S. embassies have frequently inquired about the legitimacy of arms export transactions involving U.S. contractors and host-country partners in support of U.S. efforts in Iraq and Afghanistan, or other U.S. government programs. The Department's Office of Defense Trade Controls Compliance (PM/DTCC) wishes to inform Post that U.S. or foreign persons who are involved in brokering U.S. defense articles or services, or any defense articles or services pursuant to U.S. procurement contracts for Iraq and Afghanistan or other destinations under USG auspices, must be registered with PM/DTCC and obtain Department's approval for their brokering activities.
- [1](#)3. (U) ACTION: PM/DTCC requests Post's assistance in conducting an inquiry into the brokering activities of the U.S. registered brokers listed below to substantiate their bona fides. Department requests that Post conduct a site visit to these two companies in order to assess their business operations, on-site security, and reliability as a broker/recipient of United States Munitions List (USML) items. Department is also interested in determining whether these are actual business operations with the physical presence of these two individuals, or simply a legal residence of convenience or commercial office that maintains offshore registration accounts for multiple companies. Post is requested to complete this inquiry within 60 days.

GHASSAN SAMI NACHAWI
21 Tefkrou Anthia Street
Oroklini, Larnaca 7040
CYPRUS
Tel: 357-99-558271
and/or
2 Nikou Kazantzaki Street
Pervolia, Larnaca 7560
CYPRUS
and/or
10 Akathiotis Ammouliani Beach Gardens

Pervolia, Larnaca 7560
CYPRUS
Tel: 357-24-824162

CHARLES M. WELCH
24 Mesopotamis Street #2
Oroklini, Larnaca 7041
CYPRUS
Tel: 357-99-692499

¶4. (U) The following points are provided for guidance:

--Confirm that these two entities are in the business of brokering defense articles and defense services at the locations indicated under its legal name;

--Determine whether these two entities are authorized to conduct such activities in its home country;

--Will the brokering firms be handling or storing USML items on behalf of its clients? If so, does each have secure facilities and proper accounting and security procedures for handling sensitive USML items?

--When were the companies established and who are its principals? How many employees?

--What is the nature of their business and what other types of items do they handle?

--What types of organizations are among its typical clients and in what countries are they located?

--Does each company understand the restrictions on USML items, especially the prohibition against unauthorized re-transfers and re-exports?

END ACTION.

(U) BACKGROUND INFORMATION ON NACHAWI AND WELCH

¶5. (S//NF) PM/DTCC is conducting Blue Lantern checks on registered brokers located in various countries to ascertain their bona fides and obtain additional information about their operations. These are mostly routine checks on new and previously registered parties. This request for a check on brokers Nachawi and Welch is a special case. Ghassan Sami Nachawi was formerly the director of Cyprus-based Green Shield Engineering Overseas Limited. Green Shield was shut down in 2005 after Department demarches to the government of Cyprus (Ref. D). Green Shield Engineering Overseas Limited was involved in gray arms trafficking to several countries, including Iraq and Sudan. These transactions included offers of howitzers, rocket launchers, armored personnel carriers, anti-aircraft and anti-tank missiles for Sudan; MANPADS, military aircraft, helicopter spare parts, and a short-range surface-to-air missile system for Iraq; also the purchase of MANPADS from the Ecuadorian Army (Ref. A-C & E; see also Ref. F).

¶6. (S//NF) Although Green Shield Engineering Overseas Limited may no longer exist as a registered business entity on Cyprus, a company of the same name now operates on Anguilla. Ghassan Sami Nachawi (a Syrian-born U.S. citizen who maintains a residence in Tennessee) was the primary owner of the Cyprus Green Shield, and is the current primary owner of the Anguilla Green Shield, per Internet sources. Ghassan Sami Nachawi registered as a broker with PM/DTCC 09/2006 as a business entity operating under his own name on Cyprus. Ghassan Sami Nachawi is also co-director of Green Shield Limited USA, registered in the state of Wyoming. U.S. citizen Charles M. Welch is the other director of Green Shield Limited USA. Green Shield Limited of Anguilla registered as a broker with PM/DTCC 09/2006, listing Charles ¶M. Welch as its sole director. Charles M. Welch also registered as a broker with PM/DTCC 09/2006 as a business

entity operating under his own name on Cyprus. (Note: a second Blue Lantern check will be conducted on Green Shield activities on Anguilla in Spring 2010.)

(U) BACKGROUND ON BROKERING REGISTRATION AND AUTHORIZATION

¶7. (U) PM/DTCC provides the following background information on the requirements for registration and obtaining prior approvals for brokering activities:

The requirements for Registration and Obtaining Prior Approvals for Brokering Activities are based in the Arms Export Control Act (AECA) and are implemented by the International Traffic in Arms Regulations (ITAR). Brokering registration and authorizations are administered by the Department's Directorate of Defense Trade Controls (DDTC).

Section 38(b)(1)(A)(II) of the AECA requires registration for any person "who engages in the business of brokering activities with respect to the manufacture, export, import, or transfer of any defense article or defense service."

According to ITAR Section 129.2(a), a broker is defined as "any agent for others in negotiating or arranging contracts, purchases, sales or transfers of defense articles or defense services in return for a fee, commission, or other consideration."

Additionally, ITAR Section 129.2(b) states that "brokering activities means acting as a broker as defined (above), and includes financing, transportation, freight forwarding, or taking of any other action that facilitates the manufacture, export or import of a defense article or defense service, irrespective of its origin."

Authorization is typically required for brokering activity. However, some activities are exempt from these requirements depending on the commodity, the countries involved, and the existence of previous authorizations. Questions about specific cases may be directed to this office to the attention of Deborah Carroll, Chief, Compliance and Registration. Phone: 202-663-2809; email: carrolld@state.sgov.gov.

(U) End Background on brokering registration and authorization.

¶8. (U) Please slug reply for PM/DTCC - BLUE LANTERN COORDINATOR and include the words "Blue Lantern" and the DDTC Case Numbers in the subject line. POC on this case is Peter Sabatini, PM/DTCC, phone: 202-663-2819; email: sabatinipj@state.gov, sabinipj@state.sgov.gov, psabatini@state.ic.gov. The most current Blue Lantern Guide Book is available at <http://fsi.state.gov/fsi/spas/default.asp?ID=1588>. Department thanks Post for its assistance in this matter.
CLINTON